

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4488
August 19, 2004**

RESOLUTION

**(RES. W-4488), GREAT OAKS WATER COMPANY (GOWC).
ORDER AUTHORIZING AN INCREASE IN ANNUAL REVENUE
OF \$404,184 OR 3.75% TO OFFSET AN INCREASE IN PUMP
TAX.**

SUMMARY

By Advice Letter No. 162-W, filed June 1, 2004, GOWC seeks revision of its tariff Schedule No. 1, General Metered Service, to increase revenues by \$404,184 or 3.75% to offset an increase in pump tax. This resolution grants the request.

BACKGROUND

GOWC serves approximately 19,667 customers in southeast San Jose, east of Snell Road, and south of Hellyer Park, Santa Clara County. GOWC requested authority under Section VI of General Order 96-A, and Section 454 of the Public Utilities Code to offset a \$404,184 increase in pump tax assessed by the Santa Clara Valley Water District (SCVWD), effective July 1, 2004.

GOWC's present rate Schedule No. 1, General Metered Service, became effective on May 11, 2004, pursuant to Res. W-4468, which authorized an increase in rates to offset production costs. The last general rate increase was granted on December 18, 2003, pursuant to Decision No. 03-12-039, which authorized a rate increase of \$978,000 or 9% in the year 2004 and a rate of return of 9.22%. GOWC is currently earning a rate of return of 0.09%, which is below the last authorized rate of return. The purpose of this advice letter is to offset an increase in

groundwater charges by the Santa Clara Valley Water District effective July 1, 2004. The increased groundwater charges are not covered in present rates.

DISCUSSION

The change in pump tax assessed by the SCVWD, for which recovery is requested in this filing, has increased from \$375.00 per acre-foot to \$405.00 per acre-foot for water pumped by GOWC and became effective on July 1, 2004. GOWC has determined that this increase in pump tax results in an increase in utility expense of \$404,184 and this is the amount requested in Advice Letter No. 162-W. The Water Division has reviewed the utility's request with supporting workpapers and finds it reasonable.

Since the requested increase is caused by changes in expenses directly related to water consumption, it is applied to the quantity rates. The rates for all quantities of water delivered would be increased by \$0.072 per Ccf (One Ccf is equal to one hundred cubic feet). For the typical residential customer who uses 15 Ccf per month, the monthly bill, including all the appropriate surcharges, will increase by \$1.12 from \$30.32 to \$31.44.

Service is satisfactory. There are no Commission orders requiring system improvements nor significant service problems requiring corrective action.

NOTICE AND PROTESTS

GOWC has given public notice of the request for an increase by publishing in the San Jose Mercury newspaper on June 2, 2004. No protest letters were received.

FINDINGS

1. Effective July 1, 2004, SCVWD increased its pump tax on water pumped by GOWC from \$375.00 per acre-foot to \$405.00 per acre-foot.
2. SCVWD's increase in rates will result in a \$404,184 increase in GOWC's pump tax.
3. GOWC has requested an increase in quantity charge of \$0.072 per Ccf to offset the \$404,184 increase in pump tax.

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4. This is an uncontested matter subject to public notice and comment exclusion provided in Public Utilities Code Section 311(g)(3).
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE, IT IS ORDERED that:

1. Great Oaks Water Company is authorized to make effective revised Schedule No. 1, Metered Service, as filed in Advice Letter No. 162-W, five days after the effective date herein and concurrently to cancel the presently effective rate schedule.
2. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 19, 2004; the following Commissioners voting favorably thereon:

/s/ STEVE LARSON
STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners